

TESTIMONY OF EDDIE COATES**FOR****THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA****DOCKET NO. 2004-178-E****IN RE: SOUTH CAROLINA ELECTRIC & GAS COMPANY**

Q. PLEASE STATE FOR THE RECORD YOUR NAME, BUSINESS ADDRESS AND POSITION WITH THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

A. My name is Eddie Coates. My business address is 101 Executive Center Drive, Columbia, South Carolina. I am employed by The Public Service Commission of South Carolina, in the Utilities Department, as a Rate Analyst.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY INVOLVING SOUTH CAROLINA ELECTRIC & GAS COMPANY?

A. The purpose of my testimony is to summarize Staff's findings and recommendations resulting from our examination concerning the above docket. These findings and recommendations are set forth in the Utilities Department's portion of the Staff Report which pertains to the present and proposed revenues for the test year ending March 31, 2004, the rate comparison for residential, small, medium and large General Service classes and complaints received by this Commission.

Q. MR. COATES, WHICH EXHIBITS ARE YOU SPONSORING IN THE UTILITIES DEPARTMENT'S PORTION OF THE COMMISSION STAFF REPORT?

1 **A.** I am sponsoring Utilities Department Exhibit Nos. 3 through 7.

2 **Q. MR. COATES, DID STAFF ANALYZE THE REVENUE EFFECT OF THE**
3 **PROPOSED RATES ON THE COMPANY'S RETAIL CUSTOMERS?**

4 **A.** Yes, Staff verified that the rates proposed by the Company generate
5 additional revenues of \$81,190,501 as shown on Utilities Department Exhibit
6 No. 3. This increase is broken out for each retail customer classification
7 including Residential, Small, Medium and Large General Service and
8 Lighting, as well as reconnect revenue. Exhibit No. 3 also shows the test
9 period present and proposed rate revenues, with the proposed revenues and
10 rates to reflect an decrease in the fuel cost amount from the previously
11 approved \$0.01821 per KWH to \$0.01764 per KWH. This is the \$0.00057
12 per KWH reduction associated with the transfer of cost from the fuel
13 component to base rates as approved by Commission Order No. 2004-294
14 in Docket No. 2004-13-E. The total increase in revenues for the retail
15 customers represents a 5.66% increase based on test year data.

16 **Q. WERE THE PROPOSED REVENUE INCREASES EQUAL FOR ALL**
17 **CLASSES?**

18 **A.** No, as shown in Utilities Department Exhibit No. 3, the percent of increase
19 ranges from 1.38% for Large General Service to 8.81% for Residential
20 Service, with an overall average of 5.66%, for the Rate Revenue total. There
21 are also variations of increase within the various classes.

22 **Q. WERE THERE ANY OTHER ADJUSTMENTS TO RATES PROPOSED BY**
23 **THE COMPANY?**

24 **A.** Yes, the Company is proposing a change to its interruptible rider for Rates
25 23 and 24. The Company is requesting to cap the rider for all current
26 customers at their existing contract levels and close that rider to new
27 accounts. Further the Company proposes a new interruptible rider to Rates
28 23 and 24 to allow interruption for economic reasons as well as capacity
29 shortages and system emergencies. SCE&G also proposes in this new rider
30 to allow the customer to buy through any economic interruption at a quoted

1 market price at that time. The proposed rider will be explicit that an
2 interruption can be for economic reasons as well as capacity and system
3 emergencies.

4 **Q. WERE THERE ANY CHANGES PROPOSED IN THE RATE STRUCTURES**
5 **FOR THIS CASE OTHER THAN THE INCREASES TO GAIN THE**
6 **ADDITIONAL REVENUE?**

7 Yes, the Company also proposes modification to its monthly basic facilities
8 charge in its residential rates, an increase of \$1.00 in Rates 1, 2, 6, and 8. In
9 Rate 5 it would be an increase of \$1.45. The Company also proposes
10 modification to its monthly basic facilities charge in its Small General
11 Services Class ranging from \$0.25 to \$2.00, in its Medium General Service
12 Class the Company proposes a \$20.00 increase and in its Large General
13 Service Class the Company proposes a \$100.00 increase. The Company
14 also proposes changes to its General Terms and Conditions for electric
15 service increasing the Reconnection Fee from \$15.00 to \$25.00.

16 **Q. HAS STAFF MADE COMPARISONS OF THE BILLS FOR THE PRESENT**
17 **AND PROPOSED RATES?**

18 **A.** Yes, Utilities Department Exhibit No. 4 shows a comparison of the
19 Company's present and proposed Residential Rate Schedule (Rate 8) at
20 various consumption levels for bills ranging from 0 KWH energy usage, to
21 5,000 KWH energy consumption and includes comparable classes of service
22 for Carolina Power & Light Company d/b/a Progress Energy Carolinas Inc.
23 (Progress Energy), Duke Power Company (Duke) and Lockhart Power
24 Company. Exhibit No. 5 also shows a comparison of the Company's present
25 and proposed Residential Rate Schedule (Rate 6) at various consumption
26 levels for bills ranging from 0 KWH energy usages, to 5,000 KWH energy
27 consumption and includes comparable classes of service for Progress
28 Energy and Dukes' Conservation Rates. Exhibit No. 6 shows a comparison
29 of the Company's present and proposed General Service and Industrial
30 Service rate schedules along with comparable schedules for Progress

1 Energy, Duke, and Lockhart Power. This comparison is shown for bills
2 ranging from 3 KW demand with a corresponding energy usage of 375 KWH,
3 to a demand of 300 KW with an energy consumption of 90,000 KWH on the
4 General Service schedule. Similarly, the Industrial Service sector is
5 compared using a demand of 75 KW at 15,000 KWH of energy to 50,000 KW
6 of demand and 25,000,000 KWH of energy consumption.

7 **Q. PLEASE EXPLAIN YOUR REMAINING EXHIBIT NO. 7?**

8 **A.** Utilities Department Exhibit No. 7 displays the customer complaints received
9 by the Consumer Services Department of this Commission for all electric
10 jurisdictional utilities. There were 661 complaints received against SCE&G
11 during the test period ending March 31, 2004, consisting of billing, payment
12 arrangements, disconnects, service and miscellaneous complaints.

13 **Q. MR. COATES, ARE YOU MAKING A RECOMMENDATION AS TO THE**
14 **AMOUNT OF REVENUE THAT SHOULD BE APPROVED FOR SOUTH**
15 **CAROLINA ELECTRIC & GAS COMPANY IN THIS CASE?**

16 **A.** No, I am not making any recommendation as to the amount of revenue
17 which should be allowed in this proceeding.

18 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

19 **A.** Yes, it does.
20